



## Investor Newsletter, July 2020

MOMentum Alternative Investments SA is a regulated independent asset manager based in Lugano (Switzerland). It was incorporated in 2008 and was authorized in 2010 by FINMA (the Swiss financial market supervisory authority) as an Independent Asset Manager under LICoI law (Swiss federal law on collective investment schemes - January 2007).

MOMentum Alternative Investments SA has been appointed as investment manager for "Multilabel SICAV - Artemide" and for "Multilabel SICAV - Lyra"

**Multilabel SICAV - Artemide** is a SICAV (UCITS IV) registered in Luxembourg. The Fund provides daily liquidity with 1 business day notice period.

**The Fund aims to generate solid risk-adjusted absolute returns, irrespective of the market environment, through a "bottom-up" research-driven approach ("stock-picking") and extensive use of derivatives (options and futures) to protect the "main" holdings. Strong focus on "capital protection". Much time and effort is devoted to managing the potential downside risk of the overall portfolio ("tail risk"): the main goal is to limit losses and preserve capital during severe market dislocations. Moreover, we try to smooth volatility in an effort to handle returns.**

**Multilabel SICAV - Lyra** is a SICAV (UCITS IV) registered in Luxembourg. The Fund provides daily liquidity with 6 business days notice period.

**The Fund aims to generate sustainable Alpha over a three-years period, with a strong focus on European small and mid caps. The Fund is directional, long bias, with net exposure from -20% to +70% and volatility target in the region of 10%.**

## MONTHLY COMMENTARY AND OUTLOOK

During the month of July, the main European equity markets took a rest (Euro Stoxx -2%, Dax unchanged and FTSE MIB Index -2%) after the strong performance of the previous months. Conversely, US delivered positive returns once again. Making their leadership in leading global equity markets even more clear. The dollar continued to weaken against the € (-6% in July) and this, while on the one hand confirms the return of interest towards the eurozone, on the other, in the medium term could represent a headwind especially for the industrial sector and therefore for mostly for Germany. Gold achieved one of the best monthly performances ever (+ 11%), as it represents the only safe-haven asset that does not have a negative carry. However, it is surprising to see a safe haven asset par excellence deliver returns of this magnitude in a context characterized by generalized optimism. This optimism, for example, is confirmed by the fact that volatility (VIX Index @ -30%) is gradually returning to pre-covid levels. We imagine that this also depends on the strong conviction that the long-awaited vaccine will finally be available in the coming months and that therefore the pandemic will be resolved forever. While the fiscal and monetary stimulus plan will contribute significantly to support the recovery underway. Government bond yields continue to compress, with the 10-year BTP now below the psychological threshold of 1%. The BTP-Bund spread today trades steadily below 150bp. This confirms on the one hand the spasmodic search for positive yields by investors, and on the other hand the fact that the recent coordinated interventions (Recovery Fund for € 750bn and EU Funds for € 2,400bn) have unequivocally contributed to reduce the perception of the risk associated with investments in the periphery of the Eurozone. On this last point, we agree: for the first time, in fact, single governments have been able to coordinate to implement substantial funding and subsidies to the regions / sectors most affected by the pandemic. Introducing for the first time, albeit still timidly, the principle of mutualisation. Lastly, the focus of investors on the ESG theme appears increasingly evident, with not negligible repercussions on the performance of individual targets and/or entire sectors.

Recent data on the spread of the pandemic highlight lights and shadows. In conjunction with the attenuation of the lockdown and the contextual return of mobility to levels close to normal, the contagion curve has generally suffered a modest deterioration. Although the mortality of the virus seems to have significantly reduced, especially as a result of timely therapies effective in containing its virulence. However, there are still large geographical areas (US, Brazil, Russia, some regions of Africa) in which the situation remains critical. The much discussed lockdown imposed at the time initially by Italy and subsequently by almost all other EU countries, ex-post was fundamental in combating the spread of the virus. The reporting season that has just ended has overall delivered encouraging results, which in some cases have led to upwards revisions in estimates and TP by analysts. Specifically, the banking sector (Intesa Sanpaolo, Poste Italiane and Illimity Bank), automotive (FCA), Insurance (Unipol Group), as well as some small & mid caps (Amplifon, Tinexta and Dovalue) reported strong results and healthy outlook for Fy2020. About SMEs, the voluntary takeover bid on IMA proposed by the Vacchi family, supported by BC Partners private equity fund, should be highlighted. If it was not yet clear enough, this is the confirmation of the speculative angle from which you can look at this niche, on the strict condition of never departing from a selective fundamental analysis. Conversely, as widely expected, Luxury and oil were the 2 sectors that were most negatively impacted in 2Q20 and that at the same time provided a more cautious outlook for 2H2020. As regards the results achieved by our Funds in the month in July, Artemide's performance was negatively affected by the failure of the merger project between Mediaset and Tele5 (see below for more details). Looking to the future, we are pleasantly surprised by the abundance of "events" that are materializing in our market: OPS of Intesa on UBI, Government-Atlantia negotiation for ASPI control, expected consolidation in the domestic banking sector. Finally, for Lyra and SMEs, the outlook remains very promising. Also in the light of the imminent launch of specialized products, characterized by tax incentives in case the investment is maintained for at least 5 years (PIR). This should help mitigate the liquidity risk typically associated with these targets.

**MEDIASET ESPANA (TL5 SM):** disregarding the optimism expressed several times by Mediaset and the consequent market expectations, the Madrid Court confirmed the suspension of the merger project between Mediaset and Tele5, which would have led to the creation of a pan-European player (Media For Europe -MFE). It would have been the last legal obstacle, before being able to proceed with the completion of the integration project. But the decision of the Spanish judge does not make it possible to complete the process within the 6-months allowed by Dutch law. The project, therefore, after almost a year of waiting, definitively expires. The BOD has already stated that it will shortly resubmit a new project with the same objectives. And it is likely that this new project will also include Prosiebensat1, where the Group holds a stake close to 25% (14.4% through Mediaset and 9.8% through Tele5) and which was excluded from MFE just because that stake was acquired later. Besides, management of Prosiebensat1 did not yet express its opinion on it. Vivendi has just sent a letter with conciliatory tones to Mediaset's BOD, acknowledging the industrial value of the MFE project, confirming its willingness to support Mediaset in any international development project and asking for greater protection for minorities. The contents of this proposal were not considered satisfactory and therefore the MFE project is now definitively over. This undoubtedly represents bad news for Artemide, as we had exercised the withdrawal right for the entire stake held in Tele5, in the hope of being able to dispose it at a price more than twice, compared to the market price (€ 6, 54 per share vs € 3.0). To date, Tele5 certainly represents the most undervalued asset of the Group, trading at an EV / EBIT multiple <4x. However, there is a real risk that the overhang resulting from the sale in the market of at least a part of the shares "frozen" and waiting for the withdrawal (11% of the capital) could in the short term push the valuation to even more compressed levels. In the medium to long term, on the other hand, we believe that Tele5 is the most interesting listed vehicle of the Group, also due to the fact that it directly holds a part of the investment in Prosiebensat1. The permanence of Vivendi as 2nd largest shareholder of Mediaset will continue to represent a strong disturbing element, also given the obvious conflict of interest in which the transalpine company finds itself.

**ATLANTIA (ATL IM):** the long negotiations between the Government and Edizione Holding, regarding the control of Autostrade per l'Italia - of which Atlantia holds 88% of the capital - seemed to have been close to an agreement in July. In fact, the draft envisages that the Holding would transfer the control of ASPI to Cassa Depositi e Prestiti (CDP) and/or to institutional investors selected by CDP itself. The market reacted enthusiastically to the news, if only because it saw the risk of revocation of the concession definitively over. In fact, the Government - first only under the pressure of the M5S, but subsequently also supported by PM Conte - had repeatedly threatened to use this tool, in the event that Atlantia had not accepted or proposed an agreement more favorable to the Government. However, the pre-agreement between the parties did not allow the market to determine the new fair value for Atlantia, as 2 fundamental elements are still unclear: 1) the pre-money valuation attributed to ASPI in the transaction in favor of CDP; 2) new post-sale tariff scheme. The next step should concern the listing of ASPI, in order to allow Atlantia to dispose the remaining stake at a fair value determined by the market itself. The news of the last few days is that some institutional investors - holders of significant stakes in both Atlantia or ASPI - have rightly complained that the Government has unilaterally modified the ASPI concession. Backed by the market - the Benetton's control 30% of Atlantia - the Holding's BOD rejected part of the pre-agreement. Asking for a guarantee that the sale of ASPI's stake in favour of CDP will consider the fair value of that asset. The proposal is alternatively to give a mandate to an Advisor to structure a sale process through a competitive auction, or to proceed with the spin-off and the listing of ASPI, before the sale of (a part of) the stake from Atlantia to CDP. The latter option would then entail a commitment by Atlantia to exit ASPI within 18 months. The fact that the Government has not reacted to this partial reversal by Atlantia, convinces us that the risk of revocation has definitively disappeared. It is therefore likely that the assessment of ASPI preparatory to the disposal will be less disadvantageous, and could even incorporate a regulatory risk that will necessarily undergo a strong contraction. In the best case, Atlantia's TP would be close to € 20 per share (€ 10-12 for "other assets" and € 8-10 for ASPI).

**AMPLIFON (AMP IM):** Consistently with Lyra's philosophy to consider the "sustainability" not only as an ethical discipline but, above all, as a rationale and profitable investment able to generate long-term outperformance by focusing on leaders in niche markets which benefit from megatrends and sound fundamentals, Amplifon is one of our core positions responding to the third goal of the UN (Good Health and Well-Being) and to the megatrend of Aging Population. Moreover, 2Q 20 results showed an impressive cost control, cash generation and resilience to the pandemic. Amplifon is the world leader in a highly-fragmented but consolidating retail market with an 11% share. It offers services and solutions for hearing care, adopting a consultative and collaborative approach. Technology, digitalization and service make the difference. Advances in technology such as miniaturization, connectivity and rechargeability contribute towards the consumerization of hearing devices. Amplifon is in the perfect position to seize the positive trends of this growing market, thanks to its successful business model based on continuous innovation, superior competencies and scientific leadership, unrivaled global scale and unmatched brands. Approximately 15% of the world's adult population has some degree of hearing loss and the World Health Organization estimates that 460m have a disabling hearing loss. Due to the increasing life expectancy of global population, this number is expected to double by 2050. The global retail hearing care market is expected to grow by about 4% over the next few years as a result of demographics and increase in the penetration rate. The penetration rate, defined as the ratio of the population using a hearing aid to the population with some level of hearing loss, in developed countries is about 37%, while in emerging markets it is still negligible (5-10%). In the US market, which accounts for 40% of the global retail market, the adoption rate of hearing solutions with respect to a profound hearing loss is about 70%, while in relation to a moderate hearing loss it is equal to 10%, resulting in an average penetration of 30%. Since 2018, Amplifon has formalized its Sustainability Policy, identifying four relevant non-financial topics (Product & Service Stewardship, People Empowerment, Community Impact, Ethical Behavior).

## ARTEMIDE - FUND DATA

TOP 5 "LONGS"			TOP 5 "SHORTS"		
	sector	% AUM		sector	% AUM
UBI	bank	8,4%	FTSEMIB Index	future	-11,3%
Unipol	holding	3,6%	Company1	bank	-8,0%
Mediaset Espana	media	2,9%	Company2	insurance	-1,6%
Inwit	infrastructure	2,6%	Euro Stoxx Insurance	future	-1,4%
Illimity	bank	2,5%	Euro Stoxx Automotive	future	-1,3%
"BEST"			"WORST"		
	sector	%		sector	%
UBI	bank	1,9%	EuroStoxx 50 Ind.	future	-1,2%
Banco BPM sub.	bank	0,2%	Mediaset Espana	media	-0,9%
Enel	utility	0,2%	Atlantia	infrastructure	-0,3%
Amplifon	health care	0,1%	ASTM	infrastructure	-0,2%
ERG	renewables	0,1%	Company1 (short)	bank	-0,2%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	66%	31%	97%	5%	-
Number of holdings	32	9	-	-	41

## ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of July 31, 2020) : 125,78

YEAR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009 (*)	na	na	na	na	na	na	na	na	na	na	0,78%	0,52%	1,30%
2010 (*)	3,21%	0,50%	1,41%	0,64%	1,25%	-0,84%	-0,52%	0,04%	0,43%	0,89%	0,21%	-0,35%	7,01%
2011	0,42%	0,57%	-0,09%	0,75%	-0,20%	-0,53%	1,47%	-0,15%	0,61%	1,21%	-0,74%	0,13%	3,48%
2012	2,22%	1,45%	0,04%	0,53%	-0,73%	0,06%	1,35%	0,75%	2,87%	-0,43%	-0,19%	0,75%	8,96%
2013	2,37%	1,07%	1,16%	2,28%	0,58%	0,74%	0,07%	-0,06%	0,56%	2,28%	0,10%	0,25%	11,95%
2014	2,11%	-0,19%	1,57%	0,23%	-0,23%	-0,67%	-0,33%	0,21%	0,60%	-0,88%	1,12%	0,20%	3,75%
2015	2,63%	1,50%	0,20%	0,25%	0,56%	-0,29%	0,32%	0,03%	-1,54%	-0,04%	0,02%	-0,43%	3,20%
2016	-0,36%	-0,79%	0,33%	0,38%	-0,48%	-1,94%	1,52%	0,31%	-1,27%	0,11%	-1,36%	0,54%	-3,03%
2017	1,62%	-0,71%	2,43%	1,05%	0,82%	0,77%	-0,66%	-0,62%	0,15%	-0,35%	-0,88%	0,39%	4,02%
2018	0,41%	0,58%	-0,66%	-1,19%	-1,69%	-0,04%	0,07%	-0,17%	0,24%	-1,39%	-3,75%	-1,31%	-8,61%
2019	-0,80%	-0,06%	1,88%	-0,61%	-0,70%	0,74%	-0,18%	0,14%	0,79%	-0,38%	1,11%	-0,55%	1,36%
2020	-1,37%	3,08%	-2,88%	0,52%	0,45%	0,50%	-1,35%						-1,14%

(\*) Performance from Nov. '09 to Sept. '10 was achieved through "Pegasus Fund Limited", our first fund investing in Artemide's same strategy.

ARTEMIDE	HISTORICAL PERFORMANCE (since Oct. 2010)	FTSEMIB Index
25,8%	Total cumulative return	-6,9%
0,2%	6-month rolling performance	-17,8%
2,4%	Compound annual return	-0,7%
59,3%	% "up" months:	55,1%
40,7%	% "down" months:	44,9%
5,7%	1-year rolling volatility (daily)	35,6%

## LYRA - FUND DATA

TOP 5 "LONGS"			TOP 5 "SHORTS"		
	sector	% AUM		sector	% AUM
Sesa	software	4,6%	FTSEMIB Index	future	-14,7%
ERG	renewables	4,0%	Company1	bank	-1,5%
IMA	industrial	3,9%	Company2	software	-1,2%
ASTM	infrastructure	3,8%	Company3	renewables	-1,1%
Amplifon	health care	3,7%	Company4	industrial	-1,1%

  

"BEST"			"WORST"		
	sector	%		sector	%
Amplifon	health care	0,8%	ASTM	infrastructure	-0,5%
Sesa	software	0,7%	Webuild	infrastructure	-0,5%
IMA	industrial	0,5%	Banco BPM	bank	-0,4%
Tinexta	software	0,3%	Aquafil	textile	-0,4%
ERG	renewables	0,3%	Avio	aerospace	-0,4%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	88%	22%	110%	55%	-
Number of holdings	52	10	-	-	62

## LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of July 31, 2020) : 117,36

YEAR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	na	na	3,48%	-0,19%	-0,86%	-3,56%	-2,91%	-0,54%	-2,02%	-3,03%	1,89%	0,63%	-7,11%
2015	5,54%	5,85%	4,21%	0,02%	0,04%	-1,96%	3,94%	-2,14%	-1,71%	0,46%	0,42%	-0,63%	14,47%
2016	-4,78%	-2,36%	0,15%	2,07%	0,15%	-4,62%	1,02%	1,21%	0,37%	2,90%	-4,79%	4,51%	-4,61%
2017	1,43%	0,74%	10,50%	5,27%	4,94%	0,37%	0,39%	2,39%	1,52%	0,73%	0,42%	-0,21%	31,86%
2018	1,20%	-1,51%	-0,28%	-0,45%	-3,26%	1,03%	-0,28%	-2,93%	-0,81%	-3,51%	-4,88%	-0,82%	-15,47%
2019	-0,25%	0,40%	2,30%	0,44%	-1,87%	1,38%	0,30%	-1,86%	2,62%	1,51%	3,40%	-0,84%	7,62%
2020	-0,77%	-2,71%	-9,72%	4,67%	3,41%	2,50%	-0,25%						-3,54%

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
17,4%	Total cumulative return	11,5%
-2,8%	6-month rolling performance	-6,8%
2,5%	Compound annual return	1,7%
55,8%	% "up" months:	55,8%
44,2%	% "down" months:	44,2%
11,5%	1-year rolling volatility (daily)	12,5%

## FUNDS MAIN FEATURES

	<b>ARTEMIDE</b>	<b>LYRA</b>
<b>Name:</b>	Multilabel SICAV - Artemide	Multilabel SICAV - Lyra
<b>Inception :</b>	October 2010	March 2014
<b>Isin Code :</b>	LU0515666294 (retail); LU0515666377 (institutional)	LU1012189707 (retail); LU1012189889 (institutional)
<b>Bloomberg :</b>	JBMARBE LX (retail); JBMARCE LX (institutional)	LYRABEU LX (retail); LYRACEU LX (institutional)
<b>AUM (€) :</b>	65,000,000 (as of July 2020)	25,000,000 (as of July 2020)
<b>Strategy :</b>	Equity, Market-Neutral&Multi-Strategy	Equity, European small cap
<b>Liquidity :</b>	Daily	Daily
<b>Lock-up :</b>	None	None
<b>Notice period:</b>	1 business day	6 business days
<b>Management fees :</b>	1.5% per year (retail); 1.0% per year (institutional)	2.0% per year (retail); 1.5% per year (institutional)
<b>Performance fees :</b>	10%	15%
<b>Hurdle rate</b>	Eonia	25% FTSE Italia Mid Cap Index 25% MSCI Small Cap Index 50% Eonia
<b>High watermark :</b>	Yearly	Yearly
<b>Minimum investment (€):</b>	25,000 (retail); 250,000 (institutional)	na (retail); 100,000 (institutional)
<b>Currency :</b>	Euro	Euro
<b>Administrator :</b>	State Street Bank (Luxembourg)	State Street Bank (Luxembourg)
<b>Custodian :</b>	State Street Bank (Luxembourg)	State Street Bank (Luxembourg)
<b>Auditors :</b>	PriceWaterHouseCoopers	PriceWaterHouseCoopers
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